

The Case for Increased Funding

General Obligation Bonds and Their Use in Building and Maintaining Lincoln's Street and Sidewalk Systems

Proposed by Finance Work Group, April 23, 2003

1. **Complete City's Existing Street Construction Projects** -- The expansion of Lincoln's geographic area over the last decade and limited funding have placed significant demands on the city's infrastructure. The City must move forward with the completion of the numerous street projects needed in these newly developing areas of the city. Examples of such projects include:

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- South 14th Street from Old Cheney Road to Yankee Hill Road
- South 84th Street from Van Dorn Street to Nebraska Highway 2
- North 14th Street from Superior Street to Fletcher Avenue
- Pine Lake Road from S. 40th to S. 56th Streets
- Adams Street from S. 70th to S. 84th Streets
- North 48th Street from Leighton Avenue to Holdrege Street
- North 48th Street from Adams Street to Superior Avenue
- West Adams from N.W. 48th to N.W. 56th Street
- N.W. 56th Street from West Adams to Lincoln City Limits
- Alvo/Arbor Road from N. 14th to N. 27th Streets
- N.W. 48th Street from West 'O'/I-80 to Nebraska Highway 34
- Old Cheney Road from S. 70th to S. 84th Streets
- South 98th Street from Old Cheney Road to Pine Lake Road
- West 'A' Street from Coddington to S.W. 48th Street

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Road Improvements Should Be Built As Development Takes Place -- Lincoln

needs to shift its present arterial street construction practices so that urban road facilities are constructed at the same time as the homes and business that need them. This approach will ultimately keep road building costs down, make for more efficient use of infrastructure construction dollars, and avoid serious disruptions to local businesses and residents during the street construction phase.

This approach of bringing urban infrastructure on-line in a more timely fashion is currently part of the City's adopted Comprehensive Plan. This policy concept is termed "concurrency." The Plan notes that, "The key to a successful community is the concurrent development of the infrastructure with the development of the community..." The Plan also states that, "If growth occurs without the development of adequate public infrastructure, or the public infrastructure lags behind the growth of the community, the quality of life in the whole community will be diminished."

3 ✕ **Building Major Traffic Facilities to Meet Future Needs** – As Lincoln continues to grow, the demand on the City's street system also grows. In addition to numerous on-going street projects, two major roadway improvements are planned for in the Comprehensive Plan: (1) the *South and East Beltways* to complete the community circumferential roadway system, and (2) the *Antelope Valley Project* in Lincoln's core. These facilities are intended to enhance the flow of traffic both through and around the Lincoln metropolitan area. Both require a large scale financing package of Federal, State and local funding. Now is the time to obtain the funding needed to make certain the projects are completed in a timely fashion.

4 ✕ **Street Funding Needs are Immediate** – The desire to bring Lincoln's street system up-to-date and to face the realities of a growing traffic demand places much of the street funding needs within the next six to eight years. These funds are needed in the short term to allow streets projects to be built in a systematic fashion and to improve street rehabilitation. The use of General Obligation bonds

would allow funds to become available more quickly so that existing traffic problems can be addressed and future problems avoided.

5 ✕ **Community Survey Demonstrates Local Concern for Improving Traffic Flow**

– Improving traffic flow was identified as the community’s major near term “goal or objective” as part of the most recent Comprehensive Plan process. A public opinion poll of over 700 Lincoln and Lancaster County area residents was conducted by the Sigma Group as part of the development of the 2025 Comprehensive Plan. When asked “what one goal or objective” should local elected officials “put primary emphasis on in the next three to five years,” 35 percent of those surveyed said “improve traffic flow.” This response far outstripped any other issue by five times – the second place issue being “School/Education” at 7 percent.

6 ✕ **Capitalizing on Historically Low Interest Rates** – The national economy continues to witness historically low interest rates -- the lowest in 50 years. These lower rates make borrowing for capital improvements an especially attractive option at this time in the city’s history. The Finance Work Group analysis suggests the judicious use of bonding for road improvements to help ensure the timely installation of needed street improvements. These improvements can help relieve many of the City’s existing traffic bottlenecks and cut down on long term traffic problems.

7 ✕ **Ensure a Portion of Property Taxes Support Street Improvements** – While it may surprise many in the community, property taxes are not used to support street improvements. This most basic form of public funding has long been neglected as a means of providing much needed capital resources to support improvements in the community’s roadway system. The use of General Obligation (GO) bonds would mean residents and business -- both old and new -- throughout Lincoln would contribute to a modern city street system and help keep pace with a growing traffic demand.

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Now is a good time for the City to contract for construction work –

Because of the slower economy and lack of inflation, now is an opportune time for the

City to contract for construction work. Extra capacity and a good selection of contractors combine to help insure the City will get competitive bids and favorable prices, maximizing tax payer dollars.

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Developer Contributions Help Balance Lincoln's Public Infrastructure

Financing Picture – Lincoln's development community has and will continue to provide significant financial support to the area's residential and commercial growth. Through impact fees and other off-site contributions, developers contribute millions of dollars each year to help fund Lincoln's public infrastructure. Such financial contributions help construct new arterials, water transmission and wastewater collection mains, neighborhood parks, and stormwater management facilities used by their development. Developers are also responsible for building all of the infrastructure internal to their developments, such as local streets, water and sanitary sewer service mains, and stormwater detention ponds. Impact fees which were recently implemented by the City and will be paid by private developers, provide an important and significant funding source for infrastructure financing.

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Maintaining Lincoln's Existing Investment in Infrastructure will be

Rewarded in the Long Term – Over its more than one hundred years as a city, Lincoln has invested millions upon millions of dollars in public infrastructure. This investment needs to be protected through a thoughtful, systematic, and on-going maintenance program. To neglect such a valuable local community resource today can only result in even greater public costs in the future. Now is the time to be proactive to ensure adequate resources are made available to maintain the City's street system, water and wastewater installations, stormwater facilities, and parks for future generations.

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Lincoln's Growth Adds to the "Wear and Tear" on Existing Public

Infrastructure – While Lincoln's continuing growth adds to the economic and

social vitality of the community, it also places additional demands on the city's infrastructure systems -- more vehicular trips on local streets, more water being consumed, more wastewater to process, and more families using neighborhood parks. This impacts the City's entire infrastructure system. Not just new areas of the community are affected by these increased needs -- but all areas of the city are affected. This suggests the need to obtain broad community support for infrastructure maintenance and broad based financing contributions to keep Lincoln's infrastructure in quality condition.

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Sidewalks are an Integral Element of Lincoln's Public Infrastructure --

Neighborhood sidewalks are the forgotten investment in the community's public infrastructure. Sidewalks play a vital role in sustaining neighborhood cohesiveness and function as a key component of the City's overall transportation system. In older areas of the community, sidewalks often fall into disrepair over time. The additional funding available through the use of General Obligation bonds offers an opportunity to remedy this situation. By earmarking a portion of these funds for sidewalk rehabilitation, this critical link in the city's mobility system can be maintained at a quality level and can continue to support private investment in Lincoln's older residential neighborhoods.